

ANNUAL DINNER OF THE SOUTH AUSTRALIAN  
CHAMBER OF MANUFACTURES  
ADELAIDE, S.A.



14TH OCTOBER, 1967

Speech by the Prime Minister, Mr. Harold Holt

Mr. President, Mr. Premier, Mr. Leader of the Opposition, Ministerial and Parliamentary colleagues, so many distinguished guests whose names appear in this fine print in this very elaborate programme, and the six hundred odd remaining members of this assembly:

In any other State 698 would have been rounded off to 700 but such is the innate honesty of South Australia that they state the matter precisely to us.

You have made me feel a little weary, Mr. President, with your recital of what has gone on over the last twenty-one months and this week has been running quite true to form but lest anybody reading the public print should imagine that I am a compulsive air journeyer, let me assure you that the most enjoyable part of any flight that I make is the walk down the steps from the aircraft as we land. I think that's the experience of most of us.

I am honoured to be your guest tonight in my capacity as Prime Minister, and I have listened with very great interest to what the Premier, the Leader of the Opposition and you have had to say, Mr. President. Before I make some comment myself, may I be permitted a few personal references.

First I would wish to join with you in the good wishes you have conveyed to your Governor, who I may say, we are indebted to from the Commonwealth for the very able way and ready manner in which he acted as Administrator for us during the absence overseas of our own Governor-General. We join with you in wishing him a speedy recovery.

May I also say how much I have regretted to learn today of the passing of a very distinguished South Australian in Sir George Ligertwood. He was not only a very distinguished member of your own judiciary but he served the Commonwealth in a public-spirited manner on at least three occasions that I can personally recall as a Royal Commissioner, as the Chairman of a Committee looking into the situation of the Members of the Parliament and, more recently, in a very much more onerous role as Chairman of a Committee on Taxation in a very complex field. We join with you in mourning him and I pay this public tribute for the service he has rendered not only your State but the nation.

Then may I single out, if I can, from the many distinguished guests here tonight one man to whom the Premier and others have rightly paid tribute. I thought that when Tom Playford ceased to be Premier he would cease to occupy the centre of the stage. I find I was mistaken, he has stolen the show again tonight, but he has done that as he has at so many Premiers' Conferences and Loan Council meetings without saying very much himself. He manages, or did manage to get the results, but I am delighted to see him again and see him obviously in such good form. He is not only a citizen of South Australia but an honoured citizen of the Commonwealth of Australia who has meant so much to the development of your State. And looking at your State, I sometimes feel that never has more been done by people with less to do it with, because you have not enjoyed some of the rather fortuitous advantages of other States, the rich natural resources, the great mineral

discoveries and matters of that sort. But to come to this well-ordered, prospering city is to realise how well the South Australian has done with the resources available to him and the prosperity, the efficiency, the success of Australian manufacturing industry is nowhere better exemplified than it is in your State of South Australia and I will say a little on that in a moment or two.

The Premier did make a reference to the absence of ladies, and like himself, I always feel a little lighter in heart if the ladies are present to give a decorative contribution to the gathering and to keep us in reasonable order in our own behaviour. But I would like to point out to him that not only have I recognised this in my own Ministry by having a woman in my Ministry, I think an advantage I possess over him at this point of time, but the woman happens to be a Dame and as you know there is nothing better than a Dame. Perhaps he may be encouraged by this example.

But, Mr. President, since the Second World War there has been a tremendous surge of development in this country which has completely transformed the Australian economy and, as you have said yourself, we no longer ride on the sheep's back. We have developed diversified industries, industries of strength and variety which are capable of not merely meeting the requirements of the home market, but in a growing number of instances, capable of going out and finding a market for themselves in other parts of the world. There was a time when "imported" meant something superior. We have abandoned, I hope, that psychology in this country for all time, because while we are capable of meeting and matching, as you have done in so many instances, the markets of the rest of the world then there is nothing inferior about Australian production. And while in the early years it was mainly the supply of the needs of the consumer - food processing and matters of that sort - we have now got to the stage where we can produce highly sophisticated items of manufacture and where we can look to an increasing proportion of our export income derived from the products of our manufacturing industries.

It has become fashionable at this time for some of the academics and theorists to address the argument that we ought to modify quite radically the general policy which I believe has been supported on both sides of politics in Australia now for many years, and that is reasonable and adequate protection for economic and efficient Australian industry. We hear people arguing that now we are building up such a big export income with the aid of our mineral discoveries that we could be a little more choosy, more selective as to those industries for which we provide with reasonable tariff protection. Well I go on public record again as saying that for as far ahead as I can see, Australia is not only going to need its manufacturing industries, it's going to need a steady expansion of its manufacturing industries and that is because apart from other considerations - and I will mention two or three of them - our industrial development is linked with one of the most important aspects of national policy - and that is population growth.

We have got three million square miles of country here with less than twelve million people in an area of the world where they count their population in tens or hundreds of millions, and we have a responsibility to develop this country and to populate it, and in these modern times with the degree of industrial development that we have achieved and the organisational technical efficiency we have achieved, we don't find industries throwing up, as they did in the past, the great opportunities for employment.

Certainly our primary industries can't in an area in which more mechanisation is occurring in the primary industry field. Even these great developments that I've been seeing in Western Australia and Queensland in recent months, although they mean tens and hundreds of millions in their aggregate to our export income, they employ modern equipment, modern mechanisation, as you see in Hamersley, where in one township you will find, Dampier, the products being brought from Mt. Tom Price where a shovel will pick up twenty-five tons at one pull and load it into a truck costing a quarter of a million dollars that will carry away a hundred tons of material. In that situation numbers are not great in relation to the capital expenditure, but in the manufacturing industries this is where we have found in this post-war era that we have been able to absorb so much of the employment which has come to us from overseas and so much of the growing work-force inside Australia itself. So there is in terms of national policy one powerful reason why we should be encouraging expansion of the manufacturing industry in this country. And there is another.

You mentioned our sister country of New Zealand, Mr. President. I don't think New Zealand would have been in as difficult an economic position as it is had it been able to establish, (and this is no criticism of the New Zealanders because they haven't got the domestic market to do this), industry of a variety and scale that we have here. Then they would have been the better able as we have been in the past, and shall be in the future, to meet the fluctuations which inevitably occur for a primary-producing country, both of price for what it can secure for its product on international markets and the production it can secure from chancy seasonal conditions. We are the stronger and the better able to meet these variations of fortune because we have a wider dispersed and diversified manufacturing industry in this country.

Now I would hope that these considerations will not only be in your minds but in the minds of many of those who speak of radical reform of our policy in relation to the protection of economic and efficient Australian industry. There has been no change in the basic policy, nor the philosophy of my own Government on this matter, which follows closely that of my predecessor and which I believe represents the view of all sections of the National Parliament on this particular topic.

Now, I wanted to speak tonight not merely on manufacturing industry in any narrow sense because you are here not merely as manufacturers, but in this highly representative gathering as fellow citizens of the Commonwealth of Australia, and we have before us by our geographical situation and by the circumstance of the growth of the economy of Asia at this time, not only great problems but great opportunities. I think it was Henry Kaiser who very aptly said that problems are really opportunities in their work clothes. Well, Australia sees many problems around us, situated as we are with less than twelve million people in this area where so many difficulties exist but where for the first time in centuries of history our countries are emerging with an independent identity and searching for the development of their own national resources, and this opens up for Australia a great opportunity of influence of growth in trade.

In the 1950's 15 per cent approximately of our export income was earned in the countries east of Suez. Currently we are earning just on 40 per cent of our export income from that area of the world which includes just on three-fifths of humankind and where the age-old evils, the age-old weaknesses are being overcome in modern terms and with modern technology.

Now that curve is a steadily rising curve. You mentioned the visit here this week of the Prime Minister of Japan. The growth of Australia's trade with Japan is itself a matter of historical noteworthiness and remarkable in its degree, but even that, we believe, is only at the threshold of the kind of collaboration in trade between the two countries that we can see ahead for us. The Prime Minister of Japan told us first at our Cabinet discussion - and I would not have voiced it here had he not repeated it at his press conference - but in a matter of a few years he can see Japan taking two-thirds of its iron ore imports for a growing steel industry from Australia and two-thirds of its coal imports, and that would be, I think, more than double the proportion that we are currently contracting to send to that country. As Japan itself and the growing economies - which I have seen myself in person in the course of this year - in Korea and Taiwan, in Cambodia and to a lesser degree - because it still has to face the presence of 40,000 North Vietnam troops in its territory - of Laos, but as these countries can shake off the menaces which have afflicted them in recent times, then their own economies will forge ahead and they are looking to Australia as one of the principal suppliers of their raw materials, their foodstuffs and even some of our manufactured items.

Now this, I repeat, opens up great opportunities for this country of ours. I know that the Prime Minister of Japan did make some reference to the gap which exists at the present time between the volume of purchase or value of purchase and volume of goods from Australia contrasted with what we take from Japan, but you must remember, as I am sure he realises, that we are less than twelve million people. They are closer to a hundred million people and per capita we take far more in value from Japan than Japan takes from us. In any event, of course, this is hardly the realist's view on international trade.

Countries look to an overall balance if they can secure it in their international trade, but they don't, if they are realists, attempt to balance their trade with every trade partner with whom they deal and this is true of Japan with us as it is true with our trade relationship with several of the countries of Europe who are big purchasers of our wool and some of our foodstuffs. We have a very favourable balance with them; they don't buy from us because they love Australia and Australians. Each country watches its own national interest in the purchases that it makes and in these European countries they may purchase our wool - they do so because they either require it for the needs of their domestic market or because they are going to process it into textiles and clothing and export it to some other part of the world. And so with much of what we send to Japan.

We have a very favourable balance with New Zealand but New Zealand does not produce in the sort of quantities that would enable the balance, the goods that we require. They, as we, look to an improvement in the trading position, but as realists we face the fact that our goal is both a balance overall in our international trade and a growth overall of international trade for all international traders. As we expand international trade, so we all have the prospect of some improvement in our own trading position. We have a very unfavourable balance with the United States of America but we are able to offset that with the favourable balance we obtain in some other direction with some other countries.

Now one other matter on which I would like to comment quite briefly is that from time to time we hear fears expressed about the extent of overseas investment in this country and I, both as a Minister and as a Treasurer and more recently, of course,

as Prime Minister, have kept my eye closely on this matter over a great many years and I have always been conscious of this fact in my mind that the United States became the greatest economic power and military power in the world through a process of importing people and importing capital. There were periods in which their rate of immigration flow far exceeded anything that we have attained and I don't know of any point in the history of the United States when they have placed any restraint upon any investment in their country from any other part of the world, and I don't find America dominated by foreign capital or foreign capitalists because, as we have discovered in this country, one investment stimulates another.

A foreign investment stimulates a great deal of domestic investment. People can point to General Motors- Holden, and you are very well aware of the activities of General Motors- Holden. What I am aware of is these two or three principal factors. First of all that the sub-contractors and suppliers to General Motors- Holden, are in the main Australian-owned and -based industries and they provide a great deal of employment for a great many people, and Australian industry has been able to grow because of this stimulus, not only through General Motors- Holden - I am not promoting them tonight - but Chrysler, Ford, the rest, the British Motor industries - all these automotive industries - Volkswagen any that you care to name - that have established themselves here have given their own stimulus to Australian production.

The second point I make is that Australia has a very substantial equity in all foreign-owned enterprise because we drag our 42½ per cent from profits anyhow by way of company tax apart from what we derive from the individual who works for the organisation, and if they do remit dividends overseas there is normally a 15 per cent withholding tax on the dividends remitted. Most of them plough back a fair share of the profits earned into further development which means more employment, and incidentally, more national revenue for the tax gatherer from their activities. Over recent years that particular company has, if my recollection is correct, kept its overseas remittances well inside the earnings it has made of foreign exchange for Australia from the sale of its products overseas. So I am not one of those who lose sleep about the activities of foreign investors in Australia. I believe they have benefitted this country very greatly.

Going round these mineral developments, you only have to look at them on the spot to realise the secondary effects generated from them which benefit Australian industry generally. Take the show I saw recently up at Port Hedland, the Mount Newman project just getting under way. It is going to put in its own railway line of 270 miles at its own cost. I saw one area cleared, of a mile length, which was to accommodate the sleepers and the rails for the railway line. Now the sleepers came from the South-West of Western Australia and I could just imagine the stimulus it had given to the timber industry of that State. The rails were to come from B.H.P. and one could imagine the valuable effect this would have on the order books of that company and the useful influence on employment and general economic effect throughout the community. And that is just to pick out two aspects as one looks at all these projects together in Western Australia....and you hear the talk about you mustn't make this country just a quarry for overseas interests.

I predict that within a foreseeable period of years there will be a great industrial complex reaching down through those industries linking one up with the other, because as they develop and they generate income they touch off further development.

You need engineering shops to service them, you need a variety of other undertakings. There is even salt works going down there to take advantage of the proximity of power and energy and the other facilities which these industries bring with them. And this is the way a country develops. This is how it gets a really effective decentralisation of national activity, and we are fortunate that when the rest of the world, the under-developed world, is scrambling to attract the foreign investor that Australia has built up so successfully an environment of political and economic stability that we readily attract investment and resources and technical know-how to this country.

Now, the final thing I would like to say to you - and this is well away from the issue perhaps of industry, but we are here tonight as fellow Australians and the greatest matter which concerns us in external terms for this country currently - is what is going on in Vietnam. Associated with that as part of our general security problem is the situation we face with the British announcement of intention to withdraw its forces East of Suez and this creates for Australia this total complex, a situation we have never had to face before in our national history.

We are being made to stand on our own two feet to an extent that we have never known before but we are not entirely on our own feet, and indeed at this stage of our national growth and with our limited population, it would be almost visionary to expect a time that I can see ahead of me when we would be able to stand entirely on our own two feet in defence terms. And so we have, and I believe it to have been a major Australian diplomatic achievement, linked ourselves for our security with the United States of America in the ANZUS pact and in the SEATO arrangement. But as a good ally, as a country which has gone out in two world wars much further from our own shores than the situation in Vietnam to resist aggression and try to preserve the freedom and independence of small countries, so we have gone again as has been our historical tradition into Vietnam.

In Korea we were the first country after the United States to take up the United Nations resolution of support against the aggression to South Korea which was coming from the North and join in resisting that aggression, and as one who has been in Korea recently, I can say that this was not only right in terms of moral principle it was right in the results which it produced of an independent country capable of forging ahead economically once its independence had become reasonably assured. Had we not moved in to Korea we certainly would not have moved into Vietnam and I question whether we would have held Taiwan. I question whether Indonesia would have been held secure from Communist influence and so we are in Vietnam at this time consistently with the principles we followed in the two world wars and in our intervention in Korea. We are there consistently with the alliance we have with the mightiest national power in the world in the United States - it has underwritten our security in the ANZUS treaty - and we are there as one of the free countries of the South East Asian and Pacific region looking to the time which has been emerging quite realistically over recent years in which there can be greater co-operation, and greater friendliness between the countries of this region. What is often lost sight of by those who concentrate on the day-by-day episodic events in Vietnam has been the achievement of economic growth, of diplomatic collaboration between the free countries around the periphery of Asia. Through the Asian and South Pacific Council, through the Asian Development Bank, through various other institutions we have been able in a way never before known in centuries to work together and to bring our policies more closely in line.

And so, gentlemen, in the knowledge of this, your own Government has been quite firm in its policy attitudes, unwavering in its own resolution to see this matter through. We have noted what our allies are prepared to do in order to bring as speedily as they can this matter to a peaceful and honourable conclusion and we bow to nobody in our desire to see this matter speedily and honourably resolved. We are more to be served by peace than most other countries of the world because with peace we can go ahead with the development of this great country and the resources which lie open to us and in that development I know that the manufacturing industries of Australia have a growing and increasingly important part to play and it is in that recognition that I am delighted to be here with you tonight, Mr. President, to salute you as the man of industry for the year and to salute the efficient South Australian industry which makes its own valuable contribution to the national effort.

Thank you, gentlemen, for having me as your guest tonight and my best wishes to your continuing prosperity and growing success.

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